

Message Text

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PAGE 01 OTTAWA 03719 280440Z
ACTION EUR-12

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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 8189
INFO AMCONSUL CALGARY IMMEDIATE

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C O R R E C T E D C O P Y (TEXT PARA SIX)

PASS DOE FOR BERGOLD AND GOLDMAN, AND DOE/FERC FOR SMITH
AND ADGER

STATE FOR EUR/CAN AND EB (BOSWORTH)

E.O. 11652: N/A
TAGS: ENRG, CA
SUBJECT: FOOTHILLS' PIPE PROCUREMENT PLAN

REF: A. DUEMLING/ROUSE TELECON JULY 26 A.M.; B. OTTAWA
3718

1. FOLLOWING IS TEXT OF FOOTHILLS PIPE LINES (YUKON) LTD.
PRESS RELEASE REGARDING PIPE PROCUREMENT PLAN DISCUSSED
IN REF A:

2. "CALGARY ---FOOTHILLS PIPE LINES (YUKON) LTD. ANNOUNCES
THAT IT WILL BEGIN NEGOTIATIONS FOR THE PROCUREMENT OF
PIPE IN AUGUST 1978 FOR THE 2,027-MILE CANADIAN PORTION OF
THE ALASKA HIGHWAY PIPELINE PROJECT. IN ITS OWN INTERESTS
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AND IN CONFORMITY WITH THE CANADA/UNITED STATES AGREEMENT,
THE COMPANY WILL FOLLOW GENERALLY COMPETITIVE PRACTICES IN
THESE NEGOTIATIONS.

3. "THE NORTHERN PIPELINE AGENCY HAS APPROVED THE COMPANY'S
PLANS TO ISSUE BID REQUESTS TO NORTH AMERICAN SUPPLIERS
FOR ITS TOTAL MAINLINE PIPE REQUIREMENTS. THIS WILL ENTAIL

THE PURCHASE OF 36-INCH, 42-INCH, 48-INCH AND 56-INCH STEEL PIPE TOTALLING APPROXIMATELY 1.5 MILLION TONS FOR THE CANADIAN PORTION OF THE APPROVED ALASKA HIGHWAY PIPELINE AND APPROXIMATELY 380 THOUSAND TONS FOR THE DEMPSTER CONNECTION TO THE MACKENZIE DELTA FOR WHICH FOOTHILLS IS TO APPLY TO THE NATIONAL ENERGY BOARD BY JULY 1, 1979.

4. "VARIOUS MILLS IN CANADA AND THE UNITED STATES ARE EXPECTED TO BE CAPABLE OF BIDDING ON SOME OF THE SMALLER OF THE MAINLINE DIAMETERS. THE STEEL COMPANY OF CANADA, LIMITED (STELCO) AND INTERPROVINCIAL STEEL AND PIPE CORPORATION LTD. (IPSCO) ARE THE ONLY SUPPLIERS IN NORTH AMERICA PRESENTLY CAPABLE OF MEETING SPECIFICATIONS FOR THE 1,085 MILES OF 56-INCH PIPE REQUIRED FOR THE PROJECT. OFFSHORE SUPPLIERS EXPRESSING INTEREST WILL BE PROVIDED WITH INFORMATION AND THEIR SUBMISSIONS WILL BE CONSIDERED.

FOOTHILLS DECIDED, WITH APPROVAL OF THE NORTHERN PIPELINE AGENCY, THAT BIDDING WOULD BE OPEN TO ALL QUALIFIED NORTH AMERICAN PIPE SUPPLIERS AND EXPECT THE UNITED STATES WILL PROVIDE THE SAME OPPORTUNITY FOR CANADIAN SUPPLIERS ON THE SECTIONS OF THE LINE IN THAT COUNTRY. HISTORIC EXPERIENCE INDICATES THE CANADIAN STEEL INDUSTRY HAS BEEN MORE THAN COMPETITIVE IN NORTH AMERICA AND IPSCO AND STELCO ARE BOTH ENTHUSIASTIC ABOUT THE POSSIBLE OPPORTUNITY TO SUPPLY ALL OF THE PIPE IN CANADA AND SOME OF THE UNITED STATES RE-UNCLASSIFIED

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QUIREMENTS.

5. "INITIAL DELIVERIES OF PIPE WILL BE SCHEDULED TO ACCOMMODATE PREBUILDING OF SOUTHERN PORTIONS OF THE ALASKA HIGHWAY PIPELINE PROJECT IN 1979-80. THE BALANCE OF THE PIPE FOR THE ALASKA HIGHWAY PIPELINE PROJECT WILL BE REQUIRED TO COMPLETE CONSTRUCTION IN 1981 AND 1982, FOLLOWED BY THE DEMPSTER REQUIREMENTS.

6. "FOOTHILLS BELIEVES THAT ORDERING THIS PIPE PROMPTLY IS ESSENTIAL TO THE TIMELY COMPLETION OF THE PREBUILDING PORTION OF THE ALASKA HIGHWAY PIPELINE PROJECT AND WILL BE BENEFICIAL TO THE CANADIAN ECONOMY AND PIPE MANUFACTURERS.

7. FOOTHILLS' ANNOUNCEMENT WAS RELEASED 11:30 A.M. JULY 26 CALGARY TIME. DUEMLING

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